

OFFICIAL

STATE PLAN UNDER TITLE XIX OF THE SOCIAL SECURITY ACT

State/Territory: VERMONT

Citation	Condition or Requirement
1906 of the Act	State Method on Cost Effectiveness of Employer-Based Group Health Plans

Cost Effectiveness

An individual's enrollment in a group health plan is cost effective when the amount paid for premiums, deductibles, and coinsurance plus the State's administrative costs are likely to be less than Medicaid's expenditures for an equivalent set of services.

Cost Effectiveness Methodology

1. Obtain information on the group health plan available to the recipient, including effective date, exclusions to enrollment, covered services, and amounts of premiums, deductibles, coinsurance, and premiums for non-Medicaid family members if applicable.
2. Obtain the average annual cost to the Medicaid program for similar services for persons like the applicant based on MMIS data.
3. Add the State administrative cost* for processing the group health insurance information to the amount determined in Step 1.
4. Compare the results of Steps 2 and 3. If the amount determined in Step 3 is less than that of Step 2, the cost effectiveness test is met, and Medicaid may pick up the cost of the group health plan.
5. If the amount determined in Step 3 is more than that of Step 2, the recipient's specific health-related circumstances may be considered, i.e. if the recipient has a medical condition which will likely increase his/her medical expenses above the average, a determination that paying for the group health plan will be cost effective may be made.

* Administrative costs are those costs related to gathering and processing the group health insurance and other information necessary to make a determination, including staffing, postage and telephone expenses, payment issuance, and other miscellaneous administrative expenses.

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